

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 5, 1996

SUBJECT: **SB 3153 - HB 3037**

This bill, if enacted, will require all employers to report new hires to the Department of Employment Security using a telephone reporting system. This information will be provided to the Department of Human Services and other agencies that determine eligibility for Federally funded financial and medical assistance programs including child support enforcement. Any employer failing to report is subject to a \$20 civil penalty and anyone conspiring not to report is subject to a \$400 civil penalty. The bill is subject to reimbursement of the Department of Employment Security by the Department of Human Services.

The fiscal impact of this bill is estimated to increase state expenditures \$325,100 in the first year for administrative expenses to create the reporting system. Of this amount \$86,560 is recurring and \$238,540 is one-time. Funding for these expenditures include \$110,500 in state funds and \$214,600 in Federal funds.

The fiscal impact from enactment of this bill is also estimated to result in increased child support collections of approximately \$8,500,000 in the first year (program operational for 6 months) and approximately 18,000,000 in the second year. Of these amounts approximately \$6,500,000 will be paid out as AFDC

grants in the first year and approximately \$15,000,000 in the second year, resulting in a net savings to the state of approximately \$1,597,000 in the first year and approximately \$2,948,000 in the second year. The amount of state and federal funds involved is as follows:

	First Year <u>Total</u>	State	Federal
Child Support Revenue	\$8,500,000	\$3,882,000	\$4,618,000
AFDC Payments	<u>6,500,000</u>	<u>2,285,000</u>	<u>4,215,000</u>
Net Program Savings	<u>\$2,000,000</u>	<u>\$1,597,000</u>	<u>\$403,000</u>

	Second Year <u>Total</u>	State	Federal
Child Support Revenue	\$18,000,000	\$8,221,000	\$9,779,000
AFDC Payments	<u>15,000,000</u>	<u>5,273,000</u>	<u>9,727,000</u>
Net Program Savings	<u>\$ 3,000,000</u>	<u>\$2,948,000</u>	<u>\$52,000</u>

The fiscal impact is also estimated to increase local government revenues by approximately \$1,000,000 from additional clerk fees and contractor incentive payments.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director